

THE RALEIGH NEWS AND OBSERVER (NC)  
20 July 1981

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The White House should be doing some checking of its own. The CIA apparently did an especially sloppy check of Hugel's background earlier in the year. Its inquiry should have been thoroughly detailed, since

Hugel had no background in intelligence and was virtually unknown in Washington. It's important to know why the CIA dropped the ball. But there's a question about Casey's enthusiasm for Hugel's hiring, too. The CIA director is pointedly explaining now that he has known Hugel only 18 months, although at confirmation time Hugel claimed to have known Casey for 20 years. Maybe time just passes quickly when you win an election and join the CIA.

Extensive investigation is needed to pin down whatever Casey's policymaking responsibilities were in Multiponics, the agribusiness firm of which he was a director and which a federal judge has said knowingly misled potential investors. If sufficient culpability on his part is found, a call for Casey's resignation would be in order. The White House and the Senate and House intelligence committees have good reason to remain "spooked" until they get some solid answers.

CHICAGO SUN-TIMES  
20 July 1981

# The trouble with the CIA is the 'I' part of its name



## Otis Pike

WASHINGTON—There is a delicious irony in the fact that Max C. Hugel, chief of clandestine operations for the Central Intelligence Agency, felt obliged to resign his highly sensitive post because of—wiretaps.

Oh no, they weren't accusing him of having put the ear on their private communications, but someone had put the ear on him and recorded his conversations. The recordings were given to the Washington Post, and the recordings did him in.

They were not new wiretaps; they dated from the mid-1970s. And if any crimes were committed by Hugel or the fine business associates who were bugging him, the time for prosecuting those crimes has elapsed.

THERE ARE A COUPLE of things, however, that need some serious consideration, and it is not too late.

First of all, in our massively litigious society in which the call for an ambulance is routinely followed—or even preceded—by the call for a lawyer, anyone can get sued at any time. The more active people are, the more they are required to make difficult and rapid decisions, and the more likely it is that in the course of a lifetime those people will get sued for having made the wrong decisions.

When a person gets sued—whether it is a driver, doctor, lawyer, businessman or manufacturer—the rules of the game require that dreadful things be said in a complaint about his competence, intelligence and morals. To what extent should these allegations be considered in determining his fitness to hold public office? In my judgment, none at all.

If we are going to bar from elected or appointed office every person of whom something dreadful has been alleged in a lawsuit, we are going to deprive the nation of the services of our most aggressive, progressive and dynamic leaders.

MOVING ON FROM allegations in a lawsuit to recordings of a conversation, we get to a much murkier area.

The Washington Post would be the first to condemn the bugging of private phone conversations. Yet when the recordings are slipped to them, they publish them with glee.

Certainly, a true wiretap is potent evidence of what a person's words and motives were at the time of a conversa-

tion. But recordings can be doctored, clipped or wholly faked. There are valid reasons for the courts' reluctance to use them.

Hugel, in his letter of resignation, said the allegations against him were "unfounded, unproven and untrue." If this is accurate, he should not have resigned, for his resignation would be nothing but a victory for blackmail.

When we get beyond mere allegations in a complaint, and beyond surreptitious recordings, we get to a real decision in a real court. And that brings us, alas, not to Hugel, CIA chief of clandestine operations, but to William J. Casey, CIA director.

A FEDERAL JUDGE in a district court in Manhattan has ruled that 13 years ago, Casey and others knowingly "omitted and misrepresented facts" to investors in a corporation which shortly thereafter went broke. Having lost their investment, the unhappy investors sued. The judge has ruled that there is no question that the act complained of took place.

It is not a final decision. It will be appealed. It may be reversed. Until it is, however, there it hangs like a great

albatross around the neck of our director of central intelligence. It does not bear upon his ability to gather intelligence well. It does not bear upon his ability to interpret intelligence well. It does bear on his commitment to the truth. It is more persuasive than a complaint or a wiretap. The CIA has troubles enough without being burdened by a director who a federal court decreed misrepresented facts.

THE GREATEST BURDEN the CIA bears is that its intelligence is so bad. The litigation that has resulted in the Casey decision was no secret. It just never occurred to the CIA that it could turn out this way. In the case of Hugel, the CIA said its background investigation was thorough and complete, but it never found the unhappy business partners who did him in.

The CIA has spent the last five years blaming Congress, the media, the courts, ex-CIA agents, leaks and the law for its troubles. The trouble with the Central Intelligence Agency is its intelligence.

20 July 1981

# A Reflection on the CIA Director's Judgment

Despite some peripheral questions, the controversy centering on William Casey, the director of the Central Intelligence Agency, seems to be reducible at this point to one issue: Casey's judgment.

That issue is being raised in connection with Casey's choice of Max Hugel, a political associate from the Reagan campaign, to run the CIA's clandestine operations. And it's also being raised about some past business dealings in which Casey himself was involved.

Casey has a long and distinguished record of public service that appears to amply validate his selection as this country's intelligence director. He was, for example, a key member of the Office of Strategic Services (which evolved into the CIA) during World War II. Later in his career, he headed the Securities and Exchange Commission and the Export-Import Bank and was undersecretary of state for economic affairs. A Long Islander, he has served as the chairman of the Long Island Action Committee and on the boards of several local companies.

Furthermore, as director of the CIA, he has made some excellent appointments, including Adm. Bobby Inman as deputy director and Stanley Sporkin, a former SEC official, as CIA counsel.

At the same time, regrettably, he has drastically reduced public access to the CIA and has pushed for less congressional oversight, a direction that risks permitting repetition of the CIA's past abuses. And he appointed Hugel—a man with absolutely no qualification to run the CIA's critically delicate clandestine operations.

To make matters worse, Casey evidently chose Hugel (a) without White House endorsement and (b) either without uncovering serious allegations that Hugel had engaged in illegal or improper stock dealings—or despite them.

Hugel was not only unqualified but, as it turned out, dangerously susceptible to blackmail because of his stock dealings—an extremely undesirable vulnerability in a CIA chief of clandestine operations. Hugel's resignation last Tuesday, hours after The Washington Post disclosed the details of his business problems, came with welcome speed.

Did Casey exercise good judgment in appointing Hugel to a highly sensitive post in the CIA? The answer seems inescapably to be no. Does that lapse in judgment disqualify Casey to direct the CIA? The answer, on balance, also appears to be no.

Then there is the matter of Casey's own business problems. According to a federal judge, in 1968 Casey and seven associates knowingly misled investors in a now defunct company called Multiponics Inc.

What has this 13-year-old episode got to do with Casey's competence to run the CIA? Probably nothing. Had it not surfaced at the time the Hugel case broke, it probably never would have attracted much attention. Together with the Hugel affair, though, it could generate additional questions about Casey's judgment and even his integrity.

There are few jobs that require sounder judgment than Casey's. So we hope the Senate, which is examining the Hugel appointment and Casey's business affairs, will be able to offer the country some badly needed perspective on its intelligence director and his judgment.

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## Again, clouds over the CIA

Instead of being so quick to absolve CIA Director William Casey, President Reagan should demand that Casey explain some things to the public.

A key question is: Why, in thunder, did Casey ever pick Max Hugel as the CIA's chief of covert operations? Hugel, a campaign worker and businessman who had no discernible professional qualifications for the sensitive and highly specialized post, resigned the other day after he was publicly accused of having improperly given stockbrokers inside information about a firm he once headed.

Hugel now claims that his accusers tried to blackmail him several years ago. Curiously, he did not mention that fact to the CIA when it questioned him at the time of his appointment, even though an official's potential vulnerability to blackmail is something that the CIA surely needs to know about. Moreover, Hugel's resignation came after Casey had the CIA make an investigation of Hugel's past. That raises serious doubts about the thoroughness of the first investigation.

Casey developed a fondness for Hugel during the presidential campaign. According to administration officials, Casey admired Hugel's rough-and-tumble method of operation and thought that would help

equip him to direct the CIA's covert activities — a very dubious criterion.

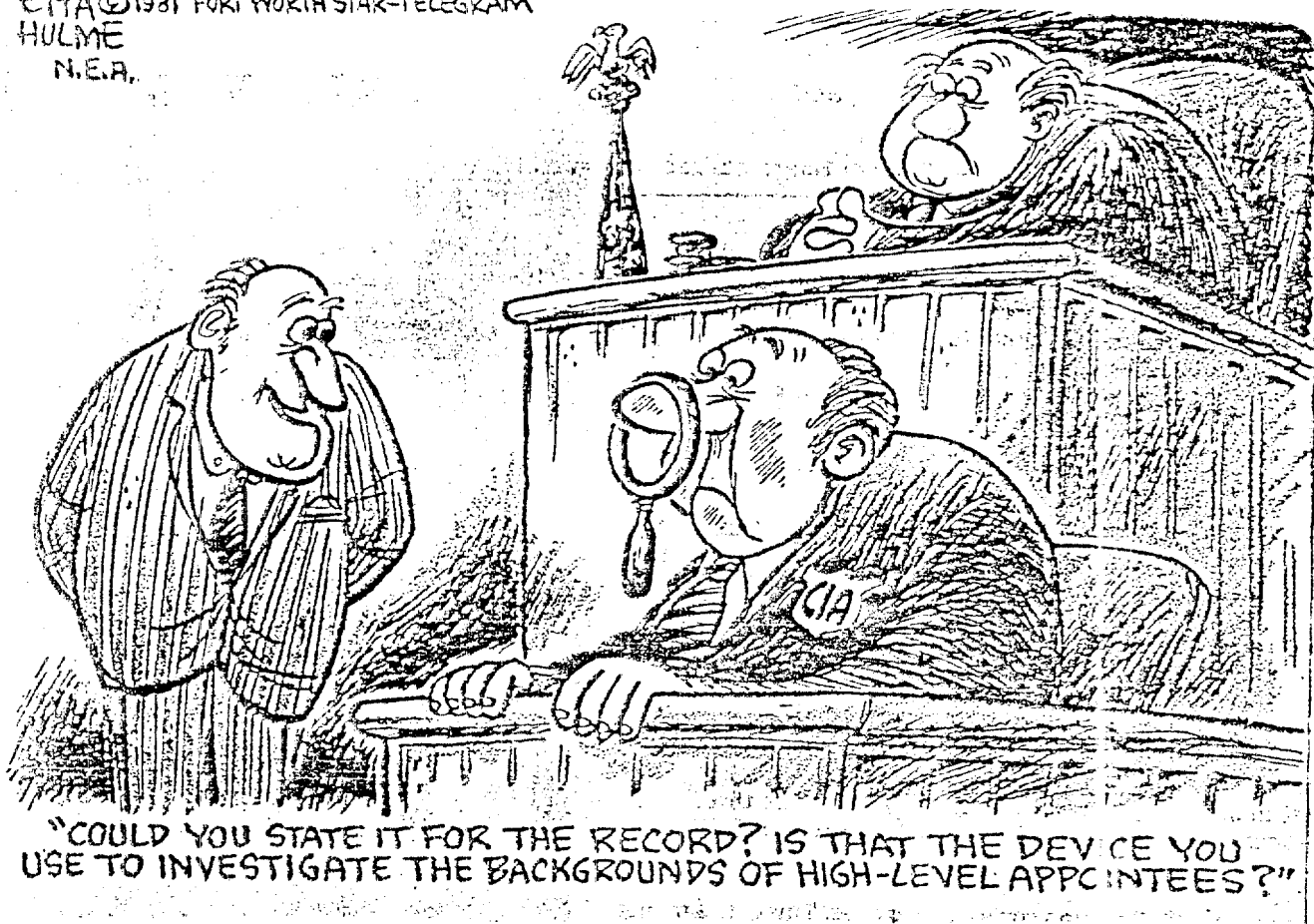
Disclosures of past abuses of power by the CIA have damaged the agency's reputation and morale. Repair of that damage requires that the agency have leaders of even temperament, unquestioned integrity and proven professional competence. Thus, Reagan should ask what the selection of Hugel reveals about Casey's approach to his own job, and the president should insist that the CIA chief explain his own part in a stock deal that a federal judge says involved misrepresentation of facts to buyers.

Reagan was all too willing the other day to dismiss reports about the stock matter as "old news." Although the incident itself occurred in the 1960s, the judge's finding had just been revealed. The judge rejected Casey's effort to blame brokers and accountants for the alleged misrepresentations. Casey knew what was happening, the judge concluded.

Reagan says he still has complete confidence in Casey. Maybe it is justified, but the public will need more information if it is to have sound reasons for sharing that confidence.

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"COULD YOU STATE IT FOR THE RECORD? IS THAT THE DEVICE YOU  
USE TO INVESTIGATE THE BACKGROUNDS OF HIGH-LEVEL APPOINTEES?"